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SECRETARY OF DEFENSE WILLIAM J. PERRY  
REMARKS TO REPORTERS EN ROUTE TO MANAUS, BRAZIL, FROM WASHINGTON, D.C.  
NOVEMBER 16, 1994

SECRETARY PERRY: Let me give you a few minutes on what this trip is all about. We're here to develop and promote military cooperation with two major countries, Argentina and Brazil. First of all I will be discussing with officials of both countries on regional security issues. Examples of that are problems of terrorism, regional cooperation in counter narcotics, regional cooperation in counterproliferation. And, finally in terms of the specific regional security issues, we'll do some confidence building measures. So those are some of the regional security issues.

In addition to that we'll be developing defense-to-defense relationships on a bilateral basis with each of those two countries. I'll be discussing joint exercises, a military exchange program, and we have a small amount of bilateral activity in defense materiel. They have requested to buy some US equipment. They have proposals in to sell equipment to the United States. So those are those buying and selling aspects under some discussion.

We have joint exercises we do with both countries and we'll be discussing those joint exercises and I will be exploring ways of expanding joint exercises. The major one we have underway right now -- underway some years -- is UNITAS, which is a joint naval exercise which has been real useful in the past. It had a very practical utility when we began the blockade of Haiti over a year ago. The Argentine ships who joined us were able to move right in and operate very effectively the first day with US naval ships because they'd developed procedures for working together already as a result of these exercises.

We'll talk about the possibility of joint peacekeeping operations. We have only one joint operation underway today which is with the Argentines in Haiti. But there's a potential for more of those in the future.

Those are the defense issues I'm prepared to discuss. The Argentines and the Brazilians may be wanting to bring up to me issues of trade, economy, democratic institutions and I'll be happy, interested to discuss those issues. Those are not items I will be proposing. Those are going to be items discussed with (inaudible) meeting next month.

Q. Could you expand a little more on what equipment the Argentines and the Brazilians have asked to buy and that you might be willing to sell them? And number two, how serious is the United States about the possibility of buying the Tucano or the Pampa?

SECRETARY PERRY: In terms of equipment, they want to buy from us, they have requests in for the M60A3 tank and the TOW. Both of those are being considered. I don't have with me a decision on those yet, but I expect to bring that to a decision in a

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matter of a few weeks so we can announce to them what the decision is going to be on those. The M60 is Brazil. The TOW is Argentina.

Now, we have heard news reports that both countries and other countries are interested in the F16. We don't have any formal requests for the F16. Nevertheless, to the extent those news reports are correct, it's quite possible they would bring up to me the possibility of F16 sales. But that's not anything I plan to be proposing to them. I would respond to their questions if they come up. The F16, of course, like the M60, would have to go through an interagency review and have to be considered under our national disclosure policy. So that would be a several month review before we could get a final answer on the F16.

Q. But you would not rule that out?

SECRETARY PERRY: I would not rule it out, no. In any major weapon system like the F16, we have a fairly explicit procedure for considering that. The first aspect of the consideration is our foreign policy. The State Department weighs in very heavily on the consideration of whether such a sale would be compatible with our national security considerations. In any of those weapons sales, the F16 in particular, there's a consideration of the impact it would have on the defense industrial base in the United States. That would be a consideration, but a secondary consideration to the national security and the foreign policy ramifications.

Q. And the possibility of buying the Tucano and the Pampa?

SECRETARY PERRY: Each country is teaming with an American company which in turn is going to be -- I think it's six competitors in the JPATS Program. JPATS will be a free and open competition. They will have as good a chance as any other team of winning that competition. I will emphasize to them when they bring up the questions, that this will be a free and open competition and nothing that I would want to do or should do to try to influence that competition either in favor of them or against them. They will have as good a chance as any other company of winning that competition.

Q. Change of subject? On the matter of defense readiness which has become a very hot subject in Washington, do you subscribe to the Republican charges that the U.S. military is suddenly an unready force depleted by budget cuts in recent years?

SECRETARY PERRY: Of course not. I've discussed readiness with the media many times and with the Congress. Let me state first of all that the readiness of the U.S. military today is generally very high and, in particular, our alert units and the mobilized units are at peak readiness as has been demonstrated the last two or three times we've had to call them to go into contingency operations. So I start out making that point.

The second point is that, and I have testified to this both to the Congress and the media many times, there are problems that are tending to erode the readiness.

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The first problem was that the Fiscal '94 budget was too thin in the support of O & M [Operations and Maintenance.] We corrected that in the '95 budget and when I testified the '95 budget, I explained the reason we were increasing that level of funding even though the force was going down relative to '94 is because I'd already concluded that the Fiscal '94 readiness was not sufficiently high.

The second historical event was that we had several contingency operations that came in at the very end of the fiscal year -- '94. When I went to the Congress and requested supplemental funding for that, I pointed out that we were at the end of our O & M funds in some of these categories and if they did not urge them to fund that supplemental immediately and told them the consequence of not funding immediately was that we would have to terminate some of the training exercises we had. I actually gave them a list of exercises we would not be able to do if they did not fund them. They did not fund them immediately. We do now have the funding for them. It came in after the end of the fiscal year, not in time. So we did have to cancel those exercises.

The Army did that very judiciously. They canceled the exercises on the units which were at the lowest level of alert, of readiness. So three of those units ended up being at the so-called "C-3" as a result of not having the exercises at the appointed time. So this was completely predictable. There was no surprise about this. We predicted it two months ago. We could not do those exercises if we did not get the supplemental in time. We did not get the supplemental in time. Therefore, we didn't do the exercises, and therefore, we had to call those units as being at the lower level of readiness.

Now, in terms of fixing the problem, the Congress now has done their bit; they did give us the supplemental. We've used that money then to reschedule exercises, but it will take a couple of months to do them. In the meantime, we'll be holding those units at a lower level of readiness. If we go out on a contingency operation, those are not the units we would send out anyway.

Q. Senator Dole seemed to suggest on CBS on Sunday that perhaps the United States -- or perhaps the Republicans think -- should get out of the business of sending US military to so many humanitarian and peacekeeping operations where US national security is not directly involved. Can we keep doing that at current funding levels and still be able to fight two major conflicts at once?

SECRETARY PERRY: We can't do any major contingency operations at current funding levels without getting supplemental funding. Our budget does not have funds in it for contingency operations. We did, as you know, request contingency funding in the budget of Fiscal '94 and Fiscal '95. It was turned down by the Congress. Therefore, there is no contingency funding in the budget. Any major contingency operation we conduct we would have to fund it; we would have to be reimbursed the funding on it, through supplemental appropriations. So the Congress has a very simple and a direct way of curtailing contingency operations by not funding those supplemental appropriations. We believe that the contingency operations we've gone on have been important for our

national security. That's why we have done them. We continue to believe that. We continue to believe that they were supported.

Q. Do these reports on readiness add any urgency to your Quality of Life initiatives that you've proposed?

SECRETARY PERRY: They're unrelated, totally unrelated. This was a very simple issue, because we ran out of O & M funds the last two months of the year because of these contingency operations we had to cancel training. Therefore, those units didn't train. Therefore, we call them C-3. It does not add to or subtract from a broader set of problems which have to do with base housing, and day care centers, and things of that sort. That's a much longer term problem and that initiative is intended to be dealing with it on a long term basis.

Q. ...when I asked you about contingency operations and being prepared to fight two conflicts at once, are you saying that you can't continue to take money for contingency operations out of O & M accounts and still be prepared to fight two conflicts at once? Is that essentially what you..

SECRETARY PERRY: I'm saying that fighting two operations at once requires maintaining a certain level of force and a certain readiness of force and that our budget submission for '95 and our budget submission (inaudible) did accommodate for that. But any major contingency operation is not in the budget and therefore you deduct that, you either have to put in supplemental funds to pay for that, then you have to take away funds which were in the budget for doing the standard training. Therefore, you will degrade your readiness to conduct any operation much less than two MRCs.

Q. Does the signing of the peace accord in Angola coming up this Sunday is there any plan for the Pentagon to send over troops to help out over the humanitarian or peacekeeping missions with the UN?

SECRETARY PERRY: We've made no such plans to do that. I don't have a request to do that at this time. We have not done any contingency planning for that.

Thank you.

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# Perry denies cuts hurt armed forces

By Charles Aldinger  
REUTERS NEWS AGENCY

MANAUS, Brazil — Defense Secretary William Perry yesterday denied Republican charges that the U.S. armed forces had been weakened dangerously by budget cuts but called on Congress to approve extra funds for peacekeeping and humanitarian operations.

Mr. Perry, beginning a six-day South American trip to improve U.S. military ties to Brazil and Argentina, spoke out on a growing controversy in Washington over the fighting readiness of the U.S. military and the high cost of participation in emergency non-combat operations such as Rwanda and Haiti.

He said Brazil had asked to buy M-60A3 tanks from U.S. military stocks and that Argentina wanted TOW anti-armor missiles made by General Motors.

In a surprise statement, Mr. Perry also told reporters traveling with him that he would not rule out

the sale of such sophisticated warplanes as the F-16 attack aircraft to Latin American nations, although approval for such a sale would have to pass stringent foreign-policy controls.

"I would not rule it out," he said, signaling a change in Washington's previous reluctance to sell such sophisticated jets to Chile and other countries that have rejected military rule and chosen democratic governments.

On the readiness issue, he said, "Let me state first of all that the readiness of the U.S. military today is generally very high. And, in particular, our alert units and our mobilized units are at peak readiness, as was demonstrated the last two or three times we have had to call them to go into contingency operations."

But Mr. Perry said Congress refused to include funding for peacekeeping operations in the fiscal 1994 and 1995 regular Pentagon budgets and that approval for contingency funds on a case-by-case basis is required.

"Any major contingency operation is not in the budget. And, therefore, if you conduct that, you either have to put in supplemental funds to pay for that, or you have to take away funds which we have in the budget for the standard thing," he said.

"And, therefore, you will downgrade your readiness to conduct any operation," the secretary said.

Republicans, who won a smashing victory in elections last week, have charged that the world's most powerful armed forces have been sapped by several years of deep budget cuts.

"Of course not," Mr. Perry shot back when asked if those accusations were correct.

But Tuesday, he acknowledged in a letter to Congress that at least three of the U.S. Army's 12 divisions have been badly weakened by more than \$1.7 billion in unplanned spending.

In Washington yesterday, Gen. John Shalikashvili, chairman of the Joint Chiefs of Staff, said U.S. military readiness is central to the administration strategy of being strong enough to fight two regional wars nearly simultaneously — in Korea and the Persian Gulf, for example, the Associated Press reported.

"Were we satisfied in dealing with only one regional issue at a time, we would in fact become a regional power," Gen. Shalikashvili said. "And it wouldn't take very long for our adversaries, like Saddam Hussein, to understand when our hands were tied in some other part of the world."